

154.20-530 Mortgage insurance corporation -- Trust account.

The authority may cause to be established, by any number of natural persons not in excess of fifteen (15), a Kentucky nonprofit corporation which shall have as its purpose the insurance of mortgage loans entered into by and between lenders and persons or corporations located in Kentucky and offering gainful employment to the inhabitants of the Commonwealth. The mortgage insurance corporation shall not be deemed to have been established for the purposes of this chapter unless and until its articles of incorporation shall have been approved by the authority, and if so approved, no approval by the Office of Insurance shall be required. Such articles of incorporation, in order to secure such approval, shall contain, inter alia, the following provisions:

- (1) The corporation shall be designated "Kentucky Mortgage Insurance and Guarantee Corporation;"
- (2) No member of the board of directors of the insurance corporation shall receive any emoluments for his services thereon, except that he may be reimbursed for expenditures incurred by him in the performance of duties for the insurance corporation;
- (3) All assistance fees received by the insurance corporation shall be held in a trust account in one or more banks and trust companies having a principal place of business in the Commonwealth;
- (4) The trust account shall be held for the security of the holders of mortgage loans or bonds guaranteed by the insurance corporation, except that provision may be made for the payment of expenses of the insurance corporation from the trust account or a segregated portion thereof;
- (5) The trust account shall be governed by a trust agreement entered into by and between the insurance corporation and the trustee or trustees. Said trust agreement shall contain such lawful provisions and limitations as may be deemed appropriate, and may include a pledge of premiums and other moneys deposited in the fund to the payment of the obligations insured by the insurance corporation; and
- (6) The trust agreement shall make appropriate provisions for the investment by the trustee or trustees of funds in the trust account for the benefit of the insurance corporation and of any claimants against the trust account. The moneys so pledged and thereafter received by the trust account shall be subject to the lien of such pledge without any further act, and the lien of such pledge shall be valid and binding against all parties in accordance with the terms of the trust agreement.

Effective: July 15, 1980

History: Amended 1980 Ky. Acts ch. 340, sec. 17, effective July 15, 1980. -- Created 1978 Ky. Acts ch. 96, sec. 15, effective July 1, 1978.

Formerly codified as KRS 154.555

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.